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**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA**

In re: HALACO ENGINEERING COMPANY

Debtor(s).

FOR COURT USE ONLY

FILED

AUG - 8 2006

CLERK U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
BY Deputy Clerk

CASE NO.:

ND02-12255-RR

NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: September 12, 2006

Time: 10:00 a.m.

Location: 2029 Century Park East, 21st Flr. Los Angeles, CA 90067

Type of Sale: ☒ Public: ☐ Private: ☐ Last date to file objections: August 30, 2006

Description of Property to be Sold: 28 acres of non-residential real property located at 6200 Perkins Road, Oxnard California and the estate's interest in a Ground Lease Agreement dated July 1, 1999 among Halaco Engineering Co., as lessee, and Clarence Haack, John Haack and Robert Haack, as lessors, in connection with certain non-residential real property of approximately 11 acres located at 6200 Perkins Road, Oxnard, California.

Terms and Conditions of Sale: See Notice of: (1) Hearing on Trustee's Motion to Approve (A) Sale or Real Property; (B) Assumption of Interest in Ground Lease; and (C) Fixing of Cure Amount With Respect Thereto; (2) Date, Time and Place of Auction; and (3) Bidding Procedures in Connection With Solicitation of Higher or Better Offers in Connection With Sale (the "Notice") attached as Exhibit "A" hereto.

Proposed Sale Price: See the Notice attached as Exhibit "A" hereto.

Overbid Procedure (If Any): See the Notice attached as Exhibit "A" hereto.

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:

Sept. 13, 2006 at 10:00 a.m. at USBC in Santa Barbara, CA; See the Notice attached as Exhibit "A" hereto

Contact Person for Potential Bidders (include name, address, telephone, fax and/or e:mail address):

C. John M. Melissinos, Esq.

Andrews Kurth LLP

601 South Figueroa Street, Suite 3700

Los Angeles, California 90017-5742/ Telephone: (213) 896-3139

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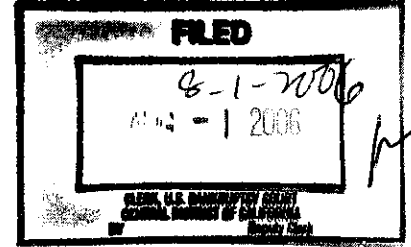
Date: August 3, 2006

COPY

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Attorneys for David Seror,
Chapter 7 Trustee



UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
NORTHERN DIVISION

In re:
HALACO ENGINEERING COMPANY,
Debtor.

Case No. ND 02-12255-RR

Chapter 7

NOTICE OF:

(1) HEARING ON TRUSTEE'S
MOTION TO APPROVE (A) SALE OR
REAL PROPERTY; (B) ASSUMPTION
OF INTEREST IN GROUND LEASE;
AND (C) FIXING OF CURE AMOUNT
WITH RESPECT THERETO;

(2) DATE, TIME AND PLACE OF
AUCTION; AND

(3) BIDDING PROCEDURES IN
CONNECTION WITH SOLICITATION OF
HIGHER OR BETTER OFFERS IN
CONNECTION WITH SALE;

Auction:

Date: September 12, 2006

Time: 10:00 a.m.

Place: 2029 Century Park East, 21st Flr.
Los Angeles, CA 90067

Sale Hearing:

Date: September 13, 2006

Time: 10:00 a.m.

Place: Courtroom 201
United States Bankruptcy Court
1415 State Street
Santa Barbara, CA 93101

1 TO ALL CREDITORS AND PARTIES-IN-INTEREST:

2 PLEASE TAKE NOTICE that the United States Bankruptcy Court for the Central District
3 of California (the "Bankruptcy Court") has entered its order (the "Order") granting the motion of
4 David Seror, successor Chapter 7 Trustee (the "Trustee") of the bankruptcy estate of Debtor
5 Halaco Engineering Co. ("Halaco" or the "Debtor") to (a) establish bidding procedures in
6 connection with the solicitation of higher or better offers for sale of certain assets; (b) set the date,
7 time and place of an auction with respect to such assets; (c) set the date, time and place of a
8 hearing on the Trustee's motion to approve the sale of such assets; and (d) confirm that the deposit
9 is non-refundable in certain circumstances. In accordance with the Order, the Bankruptcy Court
10 has set the following bidding procedures, auction date, and hearing date in connection with the
11 Trustee's Motion for Order: (A) Authorizing Sale of Real Property Free and Clear of all Liens,
12 Claims, Encumbrances and Interests; (B) Authorizing Assumption and Assignment of Ground
13 Lease; and (C) Fixing Cure Amount; Declaration of David Seror in Support Thereof (the "Sale
14 Motion").

15 **A. SALE MOTION.**

16 PLEASE TAKE FURTHER NOTICE that on September 13, 2006, at 10:00 a.m., or as
17 soon thereafter as may be heard, a hearing (the "Sale Hearing") to consider the Sale Motion will
18 be conducted before the Honorable Robin L. Riblet, United States Bankruptcy Judge, in
19 Courtroom 201 at 1415 State Street, Santa Barbara, California 93101.

20 In the Sale Motion, the Trustee seeks an order, *inter alia*, authorizing: (a) the sale of
21 approximately 28 acres of non-residential real property located at 6200 Perkins Road, Oxnard,
22 California (the "Halaco Property"); and (b) assumption and assignment of the estate's interests in a
23 Ground Lease Agreement (the "Lease" or the "Ground Lease") dated July 1, 1999 among Halaco,
24 as lessee, and Clarence Haack, John Haack and Robert Haack, as lessors, in connection with
25 certain non-residential real property of approximately 11 acres located at 6200 Perkins Road,
26 Oxnard, California (the "Leased Property"). (The Halaco Property and the estate's interest in the
27 Ground Lease are referred to collectively herein as the "Purchased Assets.")

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1 The terms of the of the proposed sale are generally as follows:

2 (a) Chickadee Remediation Co. ("Chickadee" or the "Buyer") has agreed to
3 purchased the estate's interest in the Halaco Property and accept an assignment of
4 the estate's interest in the Ground Lease for cash in the amount of \$2,600,000 plus
5 certain additional consideration as set forth in the Asset Purchase Agreement (the
6 "APA") dated June 2, 2006;

7 (b) Chickadee has procured a cost-cap/PLL insurance policy with respect
8 to its purchase of the Halaco Property and Chickadee has agreed to indemnify the
9 estate with respect to any liability it may have for environmental claims related to
10 the Halaco Property, including for the remediation of any existing contamination in
11 connection with the Halaco Site;

12 (c) Chickadee will pay any amount required to cure arrearages under the
13 Ground Lease, which could be \$220,000 or more;

14 (d) Chickadee shall not purchase any personal property of the Debtor; and

15 (e) Chickadee has paid the Trustee a non-refundable deposit of \$200,000 (as
16 such may be increased pursuant to the terms of the APA, the "Deposit").

17 The Sale Motion is based on this Notice, the Sale Motion and Declaration of David Seror
18 in Support Thereof filed with the Court on June 16, 2006, on all documents filed herein, and on
19 such other oral or documentary evidence which may be presented at or before the time of the
20 hearing.

21 A copy of the Sale Motion and supporting documents may be reviewed at the Bankruptcy
22 Court, obtained from the Bankruptcy Court or obtained by contacting counsel for the Trustee at
23 the following address:

24 C. John M. Melissinos, Esq.
25 Andrews Kurth LLP
26 601 South Figueroa Street, Suite 3700
27 Los Angeles, California 90017-5742
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28 Copying and postage charges may be required in advance.

PLEASE TAKE FURTHER NOTICE that pursuant to the Order, any response or opposition to the Sale Motion shall be in writing in the form required by Local Bankruptcy Rule 9013-1(a)(7) and shall be filed with the Clerk of the Court at 1415 State Street, Santa Barbara, CA 93101, with a conformed courtesy copy delivered to chambers, and served upon counsel for the Trustee at the address listed in the upper left-hand corner of page one of this Notice and upon the Office of the United States Trustee, 128 E. Carrillo Street, Santa Barbara, CA 93101, no later than August 30, 2006.

PLEASE TAKE FURTHER NOTICE that a reply to any response or opposition must be filed, with a conformed courtesy copy delivered to chambers, and served no later than September 6, 2006.

B. BIDDING PROCEDURES.

PLEASE TAKE FURTHER NOTICE that pursuant to the Order, the following bidding procedures have been adopted in connection with the proposed sale:

(a) **Sending solicitation and further information to potential bidders.** There are no restrictions upon the Trustee's right to solicit competing offers with respect to some or all of the Purchased Assets. The Trustee shall continue to solicit and respond to expressions of interest in the Purchased Assets from potential bidders. In addition to participating in the negotiations or discussions with potential bidders, the Trustee shall continue to furnish to such potential bidders information regarding the Halaco Property, the Lease and the Halaco Site. The continuing solicitation, negotiation and information delivery process shall continue to be directed by the Trustee through his general bankruptcy counsel or his real estate broker.

(b) **Overbids.** The submission and qualification of competing bids shall be subject to the following rules and procedures:

(i) **Qualifying Bidders.** Any person that is financially capable of consummating the transaction proposed by such person shall constitute a "Qualifying Bidder." The Trustee shall determine such capability, in his reasonable discretion.

(ii) **Qualifying Bids.** In order to constitute a "Qualifying Bid," a purchase offer (a "Bid") must meet the following requirements:

(A) Such Bid must be submitted by a Qualifying Bidder.

(B) Such Bid must be in writing.

(C) Such Bid must constitute an offer to purchase, and indicate an intention to enter into a legally binding purchase and sale or similar agreement for the purchase of all or some of the Purchased Assets upon terms and conditions that are in the aggregate and under circumstances generally no less favorable to the estate than those contained in the APA (as determined by the Trustee in his reasonable discretion).

(D) Such Bid must state that such Qualifying Bidder is financially capable of consummating its proposed transaction, and be accompanied by such financial and other information that will allow the Trustee to make a reasonable determination as to the Qualifying Bidder's financial and other capabilities to consummate the transactions contemplated by such Bid.

(E) Such Bid must indicate that it is irrevocable until the entry of a final order approving a sale of the assets set forth in such Bid to a person other than such Qualifying Bidder.

(F) A Bid for all or substantially all of the Purchased Assets shall constitute a Qualifying Bid only if such Bid (1) in the Trustee's reasonable judgment is likely to result in value to the estate (taking into account the impact of any delay in closing the transaction contemplated by such Bid, purchase price adjustments included therein, and any other relevant factors) in an amount greater than the sum of (a) the Purchase Price, plus (b) \$100,000; (2) contains no due diligence or other contingencies except those that are no less favorable to the estate than those provided in the APA; (3) is accompanied by sufficient evidence that the person submitting it has the financial ability to consummate such transaction and contains no financing contingencies; and (4) provides for a deposit in an amount at least equal to the Deposit and on terms similar to those set forth in the APA with respect to the Deposit.

(G) The Deposit must be received by the Trustee in good, immediately available funds not later than five (5) days prior to the date scheduled by the Bankruptcy Court for the Auction.

(H) Such Bid must be submitted to the undersigned Trustee's counsel so as to be received not later than five (5) days prior to the date scheduled by the Bankruptcy Court for the Auction.

1 (c) **Auction.** If the Trustee receives one or more Qualifying Bids, the Trustee shall
2 conduct an auction on the date that is one (1) business day prior to the date of the hearing
3 on the Sale Motion, beginning at 10:00 a.m., prevailing Pacific time (the "Auction"). The
4 Auction shall be conducted at the Trustee's offices at 2029 Century Park East, 21st Flr.,
5 Los Angeles, California 90067. Only Buyer and representatives of Buyer, the Trustee and
6 any other Qualifying Bidders shall be entitled to attend and be heard at the Auction. Only
7 Buyer and Qualifying Bidders that have submitted a Qualifying Bid shall be entitled to
8 make any subsequent offers or bids at the Auction.

9 (i) **Auction Process.** At the commencement of the Auction, the Trustee shall
10 announce the highest or best Qualifying Bid received prior to such time.
11 Auction bidding shall begin with such highest or best Qualifying Bid and
12 subsequently shall continue in minimum increments of at least fifty
13 thousand dollars (\$50,000). Subsequent Bids submitted by Buyer shall not
14 require any additional deposit. The Auction shall be conducted by, and
15 under the direction and control of, the Trustee. The Trustee shall have
16 reasonable discretion to establish and/or modify any Auction rules or
procedures so as to maximize, in the Trustee's reasonable judgment, the
realization of value for the Purchased Assets except to the extent that any
such newly established or modified Auction rules are inconsistent with any
provisions of the APA or the Order.

17 (ii) **Conclusion of Auction and Approval of Successful Bidder.** The Auction
18 shall be concluded by the Trustee no earlier than the conclusion of
19 competitive bidding for all or certain of the Purchased Assets. Upon the
20 conclusion of the Auction, the Trustee, in his sole discretion, shall announce
21 his determination as to the highest and best Qualifying Bid(s), which may
be the APA (as it may be modified during the Auction by any subsequent
Buyer's Bid) (the "Successful Bid").

22 (d) **Approval of Successful Bidder.** At the Sale Hearing, the Trustee shall inform the
23 Court of the Successful Bid and seek authority to sell the Purchased Assets (or any part
24 thereof) in accordance with such Successful Bid.

25 (e) **Procedure if No Auction.** In the event that there are no Qualifying Bids, there shall
26 be no Auction, and the Trustee shall proceed to seek Bankruptcy Court approval at the Sale
27 Hearing for the sale of the Purchased Assets to Chickadee pursuant to the APA.

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1 (f) **Right to Reject Bids.** The Trustee may, at any time before entry of any order
2 approving a sale to a Successful Bidder, reject any Bid.

3 (g) **Repayment of Deposit.** In the event the APA is terminated by the Trustee in
4 connection with one or more alternative Successful Bids from the Auction, Chickadee shall
5 be repaid the Deposit. In the event Chickadee is not the winning bidder, the Deposit shall
6 be repaid by the Trustee to Chickadee no later than one (1) business day after the Sale
7 Hearing, and any unsuccessful Qualified Bidder shall also be repaid its deposit no later
8 than one (1) business day after the Sale Hearing.

9 **C. AUCTION DATE.**

10 PLEASE TAKE FURTHER NOTICE that in the event that the Trustee receives one or
11 more Qualifying Bids, an Auction shall be held on September 12, 2006, at 10:00 a.m. at the
12 Trustee's offices at 2029 Century Park East, 21st Flr., Los Angeles, California 90067.

13 Dated: July 31, 2006

ANDREWS KURTH LLP

14
15
16 By: C. John M. Melissinos

C. John M. Melissinos
Attorneys for David Seror,
Chapter 7 Trustee